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MINISTRY OF LAW

(Legislative Department)

New Delhi, the 29th August, 1959/Bhadra 7, 1881 (Saka)

The following Acts of Parliament received the assent of the President on the 28th August, 1959, and are hereby published for general information:—

THE INTERNATIONAL MONETARY FUND AND BANK (AMENDMENT) ACT, 1959

No. 25 of 1959

[28th August, 1959]

An Act further to amend the International Monetary Fund and Bank Ordinance, 1945.

BE it enacted by Parliament in the Tenth Year of the Republic of India as follows:—

Short title.

47 of 1945.

1. This Act may be called the International Monetary Fund and Bank (Amendment) Act, 1959.

Substitution of the word "Act" for the word "Ordinance".

2. In the International Monetary Fund and Bank Ordinance, 1945 (hereinafter referred to as the principal Ordinance), for the word "Ordinance", wherever it occurs, the word "Act" shall be substituted.

3. For the last paragraph of the preamble and the enacting formula, the words "BE it enacted as follows:—" shall be substituted.

Amendment of preamble and enacting formula.

4. In sub-section (1) of section 2 of the principal Ordinance,—

(i) in the opening paragraph, for the words "revenues of the Central Government", the words "Consolidated Fund of India" shall be substituted;

Amendment of section 2.

(ii) in clause (a), for the words, brackets and letter "to the International Bank under paragraph (a)", the words, brackets and letters "to the International Bank under paragraphs (a) and (c)" shall be substituted.

Amendment
of section 7.

5. Section 7 of the principal Ordinance shall be re-numbered as sub-section (1) thereof, and after sub-section (1) as so re-numbered, the following sub-section shall be inserted, namely:—

"(2) Every rule made under this section shall be laid, as soon as may be after it is made, before each House of Parliament while it is in session for a total period of thirty days which may be comprised in one session or in two successive sessions, and if before the expiry of the session in which it is so laid or the session immediately following, both Houses agree in making any modification in the rule, or both Houses agree that the rule should not be made, the rule shall thereafter have effect only in such modified form or be of no effect, as the case may be, so however, that any such modification or annulment shall be without prejudice to the validity of anything previously done under that rule."

THE STATE BANK OF INDIA (AMENDMENT)
ACT, 1959

No. 26 of 1959

[28th August, 1959]

An Act further to amend the State Bank of India Act, 1955.

Be it enacted by Parliament in the Tenth Year of the Republic of India as follows:—

Short title. 1. This Act may be called the State Bank of India (Amendment) Act, 1959.

Amendment
of section
22. 2. In section 22 of the State Bank of India Act, 1955 (hereinafter referred to as the principal Act),—

(a) in clause (d) of sub-section (1), for the words "or managing director", the words "managing director, or legal or technical adviser" shall be substituted;

(b) after sub-section (3), the following sub-section shall be inserted, namely:—

(4) In this section,—

(a) "banking company" has the same meaning as 10 of 1949. in the Banking Companies Act, 1949;

(b) "manager" means the chief executive officer, by whatever name called, of a banking company;

1 of 1956.

(c) "private company" has the same meaning as in the Companies Act, 1956.'

3. In section 23 of the principal Act, the proviso shall be omitted.

4. In section 33 of the principal Act,—

(a) in sub-clause (d) of clause (i), for the words "under any law for the time being in force in India", the words "by or under any law for the time being in force in India other than companies with limited liability" shall be substituted.

(b) for clause (xii), the following clauses shall be substituted, namely:—

"(xii) the transacting of pecuniary agency business on commission;

(xiiia) the entering into contracts of indemnity, suretyship or guarantee with specific security or otherwise;";

(c) after clause (xx), the following clause shall be inserted, namely:—

"(xxa) notwithstanding anything to the contrary contained in any other law for the time being in force, the establishment and maintenance of superannuation pension, provident or other funds for the benefit of the employees of the State Bank or dependents of such employees or for the purposes of the State Bank, and the granting of superannuation allowances, annuities and pensions payable out of any such fund;".

5. In section 34 of the principal Act, for sub-sections (3) and (4), the following sub-section shall be substituted, namely:—

"(3) The State Bank shall not discount or purchase or advance or lend or open cash credits on the security of,—

(a) any negotiable instrument of any individual or firm payable at the place where it is presented which does not carry on it the several responsibilities of at least two persons or firms unconnected with each other in general partnership;

(b) any negotiable instrument or security (not being an instrument or security in which a trustee may invest trust money under section 20 of the Indian Trusts Act, 1882, or the corresponding provision of the law for the time being in force in any country where the State Bank has a branch) which does not mature within—

(i) fifteen months from the date of such discount, purchase, loan, advance or opening of cash credits, if

Amendment
of section
23.

Amendment
of section
33.

Amendment
of section
34.

2 of 1882.

the instrument or security is drawn or issued for the purpose of financing seasonal agricultural operations; and

(ii) six months from the date aforesaid if the instrument or security is drawn or issued for any other purpose.”.

Amendment of section 35. 6. In section 35 of the principal Act, for sub-sections (2), (3) and (4), the following sub-sections shall be substituted, namely:—

‘(2) The terms and conditions relating to such acquisition, if agreed upon by the Central Board of the State Bank and the directorate or management of the banking institution concerned and approved by the Reserve Bank, shall be submitted to the Central Government for its sanction and that Government may by order in writing (hereafter in this section referred to as the order of sanction) accord its sanction thereto:

(3) Notwithstanding anything contained in this Act or any other law for the time being in force or any instrument regulating the constitution of the banking institution concerned, the terms and conditions as sanctioned by the Central Government shall come into effect on the date specified by the Central Government in this behalf in the order of sanction and be binding upon the State Bank and the banking institution concerned as well as upon the shareholders (or, as the case may be, proprietors) and creditors of that banking institution.

(4) If for any reason the terms and conditions cannot come into effect on the date specified in the order of sanction, the Central Government may fix another suitable date for that purpose.

(5) On the date on which the terms and conditions as aforesaid come into effect the business and the assets and liabilities of the banking institution concerned as covered by the acquisition shall, by virtue, and in accordance with the provisions, of the order of sanction stand transferred to, and become respectively the business and the assets and liabilities of, the State Bank.

(6) The consideration for the acquisition of the business and the assets and liabilities of any banking institution under this section may, if so agreed upon, be paid either in cash or by allotment of shares in the capital of the State Bank or partly in cash and partly by allotment of shares, and the State Bank may, for the purpose of any such allotment, increase, subject to the other provisions contained in this Act relating to the

increase of capital, the capital of the State Bank by the issue of such number of shares as may be determined by the State Bank.

(7) Any business acquired under this section shall thereafter be carried on by the State Bank in accordance with the provisions of this Act, subject to such exemptions or modifications as the Central Government may by notification in the Official Gazette, make in this behalf in consultation with the Reserve Bank:

Provided that no such exemption or modification shall be made so as to have effect for a period of more than seven years from the date of acquisition.

14 of 1947.

(8) Notwithstanding anything contained in the Industrial Disputes Act, 1947, or in any other law or in any agreement for the time being in force, on the acquisition of the business and the assets and liabilities of any banking institution under this section, no officer or other employee of that banking institution shall be entitled to any compensation to which he may be entitled under that Act or that other law or that agreement and no claim in respect of such compensation shall be entertained by any court, tribunal or other authority, if on his having accepted in writing an offer of employment by the State Bank on the terms and conditions proposed by it he has been employed in accordance with such terms and conditions.

(9) The Central Government may, if it considers necessary or expedient in the case of any banking institution in relation to which an order of sanction has been made under this section, appoint, whether before or after the coming into effect of the terms and conditions relating to the acquisition of the business and the assets and liabilities of that banking institution, a suitable person to take over the management of that banking institution for the purposes of winding up its affairs and distributing its assets, and the expenditure incurred in connection with such management (including the remuneration for the person so appointed and his staff, if any) shall be paid out of the assets of the banking institution or by the State Bank as the Central Government may direct.

(10) Simultaneously with the appointment of a suitable person to take over the management of any banking institution under sub-section (9) or immediately thereafter, the Central Government shall issue directions to be followed by that person

in the management of that banking institution for the purposes aforesaid and thereupon—

(a) the provisions of the Companies Act, 1956, or the ¹ of 1956. Banking Companies Act, 1949, or any other law for the time ¹⁰ of 1949. being in force or any instrument having effect by virtue of any such Act or law, in so far as they are inconsistent with such directions, shall cease to apply to or in relation to that banking institution;

(b) all persons in charge of the management, including any person holding office as manager or director of the banking institution immediately before the issue of such directions, shall be deemed to have vacated their offices as such; and

(c) the person appointed to take over the management of the banking institution shall in accordance with those directions take all such steps as may be necessary to facilitate the winding up of its affairs and distribution of its assets.

(11) The Central Government, when satisfied that nothing further remains to be done in order to wind up the affairs of any such banking institution, may by another order in writing direct that as from such date as may be specified therein the banking institution shall stand dissolved and thereupon any such direction shall have effect notwithstanding anything to the contrary contained in any other law.

(12) No action under this section shall be questioned on the ground merely of any defect in the constitution of any banking institution in relation to which such action has been taken or in the constitution of its Board of Directors or in the appointment of any person entrusted with the management of its affairs.

(13) In this section “banking institution” includes any individual or any association of individuals (whether incorporated or not, or whether a department of Government or a separate institution), carrying on the business of banking.’

Amendment of section 36. 7. In section 36 of the principal Act, after sub-section (3), the following sub-section shall be inserted, namely:—

“(4) No amount applied for any of the purposes specified in sub-section (2) shall, for the purposes of the Indian Income-tax ¹¹ of 1922. Act, 1922, be treated as income, profits or gains of the State Bank.”.

Amendment of section 41.

8. In section 41 of the principal Act,—

(a) in sub-section (1), for the words, brackets and figures “sub-section (1) of section 144 of the Indian Companies Act,

7 of 1913.
1 of 1956.

1913", the words and figures "section 226 of the Companies Act, 1956" shall be substituted;

(b) in sub-section (5), for the word "first", the word "annual" shall be substituted;

(c) in clause (d) of sub-section (7), for the words "profit and loss" occurring for the second time, the words "profit or loss" shall be substituted.

9. In section 42 of the principal Act, in sub-section (1), for the word "hereinafter", the words "in this Act" shall be substituted. of section 42.

10. In section 50 of the principal Act, for clause (o) of sub-section (2), the following clause shall be substituted, namely:— of section 50.

"(o) the establishment and maintenance of superannuation pension, provident or other funds for the benefit of the employees of the State Bank or of the dependants of such employees or for the purposes of the State Bank, and the granting of superannuation allowances, annuities and pensions payable out of any such fund;".

G. R. RAJAGOPAUL, Secy.

